

## United Nations Development Programme



**Project Title:** Innovation Facility 2.0

**Project Number:** 00132523

**Implementing Partner:** UNDP

**Start Date:** 1 July 2021 **End Date:** 31 Dec 2025 **PAC Meeting date:** 10 June 2021

### Brief Description

The Human Development Report 2020 makes clear that we are at an unprecedented moment in the history of our planet where warning lights are flashing red. The Covid-19 pandemic illustrates well the complex and multifaceted nature of the challenges facing UNDP and the world today. Governments around the world are increasingly aware that now is the time for fundamental change, but are struggling with how to do it. These types of issues call for systemic, transformational innovation. UNDP therefore needs to evolve its innovation offering beyond incremental innovation and expand its capabilities to support partners in their systemic change journeys, whilst remaining humble about the role it can play

This project aims to help UNDP and its partners leverage strategic innovation in critical policy areas by building new capabilities and methods that enable the organization to engage with complexity and manage uncertainty (internal change).

The project's approach for achieving change is based on the premise that if UNDP will be able to work simultaneously on developing a new supply (offers rooted in an understanding of system dynamics ) and a new demand (interest from governments and donors to go beyond single point solutions), then it will be able to increase its development effects and leverage the Facility's investments to attract new funding for joint efforts and R&D by development partners. To achieve this, the Facility will invest in creating the conditions for country offices to be able to do so, providing capital to build new capabilities and exploring system approaches. It will also support COs in the process of building a new demand and engaging with development partners around issues related to system approaches. Finally, it will support offices in the implementation phase where the resource mobilisation efforts have been successful.

Contributing SP Outcome: 1 Contributing SP Output: 1.1.1  Indicative Output(s) with gender marker: Outputs 1-3: GEN2	<b>Total resources required:</b>	USD 14,058,520	
	<b>Total resources allocated:</b>	<b>UNDP TRAC:</b>	
		<b>Donor:</b>	equiv. USD 9,530,000
		<b>Government:</b>	
	<b>In-Kind:</b>		
<b>Unfunded:</b>	USD 4,528,520		

Agreed by:

UNDP

*Haoliang Xu*

Haoliang Xu, Assistant Administrator and Director, Bureau for Policy and Programme Support

Date: 30 June 2021

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## I. DEVELOPMENT CHALLENGE

**The Human Development Report 2020 makes clear that we are at an unprecedented moment in the history of our planet where warning lights are flashing red.** The Covid-19 pandemic illustrates well the complex and multifaceted nature of the challenges facing UNDP and the world today. These challenges are systemic, complex, interconnected and often unprecedented and, as the Report pointed out, require nothing less than “great transformations”. They cannot be tackled in silos.

**Governments around the world are increasingly aware that now is the time for fundamental change but are struggling with how to do it.** If this continues, the “you don’t speak for me” democracy crisis will deepen. Increasingly the instinctive answer, driven by big tech, is to resort to technological quick fixes and single point solutions (e.g. smart cities to “solve” urban issues, contact tracing apps to “solve” COVID). But the hasty patching-up of complex problems in this way provides only superficial short-term solutions that exclude the most vulnerable.

**These types of issues call for systemic, transformational innovation.** They require a longer-term horizon than the rapid cycles of experimentation associated with incremental innovation, a deeper understanding of human-environmental systems and their dynamics and the harnessing of the potential of digital as a core driver, not as a quick fix.

**UNDP therefore needs to evolve its innovation offering beyond incremental innovation and expand its capabilities to support partners in their “great transformations” journeys, being aware that such transformations will require a long period of time and that no organisation on its own can change systems.** A recent review of the first 5 years of the Innovation Facility pointed out the need to evolve UNDP’s approach to innovation<sup>1</sup> from an experiment-and-scale model of innovation to a system transformation model. It also emphasised that complex challenges such as gender equality or the erosion of trust in institutions cannot be adequately addressed through single point solutions and siloed projects following a linear logic, but rather through portfolios of interventions, dynamically managed.

The Innovation Facility 2.0, therefore, will support and accelerate the transition to an expanded innovation approach for UNDP, designed to meet the emerging needs of its partners.

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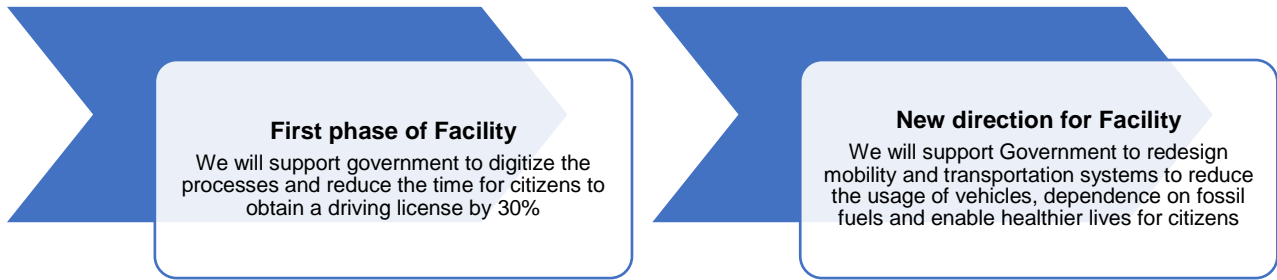
## II. STRATEGY

Recognising the need for a more strategic approach that can leverage the various innovation assets available to the organisation, UNDP set up the Strategic Innovation Unit in late 2020. The Unit is responsible for aligning UNDP’s innovation efforts, including the Innovation Facility, with the intent articulated in the Strategic Plan.

**In line with the changing development context described above, in its new phase, the Innovation Facility is envisioned as a vehicle providing catalytic funding for understanding the dynamics of transformational, systemic change. Its focus will be on building a new set of core capabilities around system transformation for UNDP and governments,** complementing the capabilities already developed around incremental innovation. This will entail not only a shift in *the type of policy problems* that the Facility addresses, but also *how to think about understanding and engaging with these problems* – see example in the visual below, which illustrates a shift from single point solutions that provide incremental improvement within an existing paradigm (digitizing processes to improve the time it takes to obtain a license), towards an approach seeking to plant the seeds for an entirely new paradigm (rethinking mobility and transportation systems to reduce use of fossil fuels and improve health among citizens).

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<sup>1</sup> UNDP Innovation Facility Review, December 2020 accessed in April 2021 at: <https://medium.com/@undp.innovation/undps-strategic-innovation-pivot-4c2873ae98>



This is a **mindset and cultural change** as much as a **capability** challenge. A culture that is comfortable with and proactively seeks ill-defined “puzzles”, embraces complexity and informed risk taking, acknowledges with humility that UNDP is part of the systems it wants to transform and focuses on learning as much as delivery will not be created overnight. A number of emerging initiatives across UNDP already point to the need for building such a capability (e.g. SDGi System Awareness, digital transformation, food system transformation). A strongly articulated corporate intent and a renewed focus of the Facility will give momentum to these efforts.

**In this new direction, the Innovation Facility will seek to contribute towards two types of change: internal change in UNDP and building partners capabilities (external change) to address challenges from a system perspective.** Internal change will result in developing capabilities, services and behaviors in UNDP focused on managing complexity and uncertainty. As these new capabilities and services are being deployed in countries, and portfolios are implemented, they will over time shared with partners to help them addressing frontier policy challenges.

### **How to create change**

The Innovation Facility 2.0’s approach for achieving change – its Theory of Change – is based on the premise that if UNDP will be able to work simultaneously on developing a **new supply** (offers based on a system transformation logic) and a **new demand** (interest from governments and donors to go beyond single point solutions), then it will be able to increase its development effects and leverage the Facility’s investments to attract new funding for joint efforts and R&D by development partners.

**Figure 1: Building supply and demand – our theory of change**

Given the current business model for UNDP, predicated around the delivery of individual projects, it is very difficult for Country Offices to carve out the resources for taking a system perspective on a frontier challenge, develop portfolios, engage partners in a different type of funding conversation (oriented towards system transformation, portfolios and joint R&D) and dynamically manage interventions following a system logic. The Facility will invest in creating the conditions for country offices to be able to do so, providing patient capital to build new capabilities and exploring system approaches<sup>2</sup>. It will also support COs in the process of building a new demand and engaging with development partners around issues related to system approaches.

Where the Facility will be able to create the conditions for the new supply and demand to meet, i.e. successfully create the conditions for joint investments from other partners in portfolio offers, it will support COs in the implementation phase, thereby supporting the building of transformational innovation capabilities within partners organisations. The ambition is that this helps propel internal change in UNDP and, over time, contribute to external transformation in real-world systems.

### **i) Creating a new supply - portfolios and deep demonstrations**

Working in conjunction with GPN teams, the Facility will support COs in the process of developing new propositions for government partners grounded on a system logic. This entails building capabilities to understand and analyse issues from a system perspective (as opposed to the logic of individual projects and existing organisational structures); making systems less opaque; design interventions that address multiple levers of change at the same time (in a portfolio logic); articulate to governments and donors the value

proposition of a portfolio approach; dynamically manage portfolios to extract intelligence on an ongoing basis; and nurture the formation of ecosystems of stakeholders working towards transformational change. In line with UNDP's Gender Equality Strategy 2018-2021, we see the ability to identify cultural, social, religious and other constraints on women and marginalized groups' participation and empowerment as an important part of these systems thinking capabilities and we will work to advance this. Bringing a focus on gender and 'leave no one behind' to the Facility's systems work, we hope can help tackle structural barriers to women's economic empowerment and leadership.

The main vehicle to build such new offers and capabilities will be "**deep demonstrations**" that are designed to prove that UNDP country offices can help human systems "solve the puzzle": tackle the pressure of short-termism, create political space and capabilities to address structural issues, implement innovative policies and build institutional will for adaptation. The deep demonstrations are meant to be a flexible vehicle to help COs and partners explore these issues: they will explore a variety of approaches and their focus is expected to change over time, as the external environment changes and new learnings are accrued. Throughout, UNDP will position itself not as the "solution provider", but as co-investor in joint R&D because there is no tried and tested recipe for system transformation.

True to the principles of system transformation, the Facility's investment strategy in deep demonstrations will be emergent and adaptive - it will be driven by fast learning feedback loops and iteration in order to align with emerging insights and opportunities from the ground. The criteria for selection of the deep demonstrations will change over time, whilst maintaining a clear orientation towards system issues and transformational innovation.<sup>3</sup>

Actionable intelligence drawn from these transformation journeys (deep demonstrations) will provide **global public goods** for other countries to benefit from.

## **ii) Creating a new demand**

The Facility will also need to invest in building the demand side (as some of the insights above point to) so that portfolio approaches and providing patient capital<sup>4</sup> for system transformation become mainstream with development partners.

Many UNDP's partners are starting to embrace the shift from "the science of delivery" to the "art of transformation" but are struggling to operationalise it. By positioning itself as the partner of choice to explore the complex how of transformations, UNDP will **build a new type of demand** that goes beyond a focus on delivery of solutions.

To do so, we will need to identify and work with frontrunners in governments, donors, civil society, and the private sector to **build a global cohort** of like-minded decision makers who are willing to embrace a

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<sup>3</sup> The current investment criteria are:

Co-investment criteria 1: The policy issue is a critical priority for the CO, straddling more than one team's work. The CO is willing to make a long term investment in engagement with the SIU team on applying new system approaches to tackle the policy issue.

Co-investment criteria 2: The policy issue is framed from a systems perspective, aimed at revealing underlying dynamics as opposed to addressing the symptoms.

Co-investment criteria 3: There is in the country a high level, political 'owner' of the policy issue with a mandate and political will to steward (and coordinate) a set of multi-sectoral interventions. Or there is scope to create this type of ownership.

Co-investment criteria 4: There is in the country a (cohort of) donor(s) with a particular interest in the portfolio logic. There is a cohort of other partners (nationally & internationally) with interest in the policy space & portfolio approach which allows the Facility to co-invest in building and nurturing ecosystems for change. Or there is scope to create such a cohort.

<sup>4</sup> Patient capital refers to funding with a longer time horizon and flexibility that enables a systems lens

transformational approach, learn from each other and take a long-term view (including providing patient capital for R&D).

To build credibility and spur adoption in the wider development community, it will be crucial for the Facility to **codify learning from the deep demonstrations** and other transformation approaches emerging from practice as **public goods**. In parallel, UNDP will need to conduct **advocacy and outreach** to encourage others to follow the early adopters. Effective communication and dissemination of intelligence and results coming from the deep demonstrations, as well as thought leadership pieces will be crucial to support efforts to build new demand.

New **financial instruments** will be needed to attract catalytic funding for entire transformation portfolios (rather than individual projects). This implies shifting a perspective toward: i) a paradigm shift from investment in project by project to a holistic investment logic (a coherent portfolio of interventions that learn from each other) where the capital is deployed across the whole innovation process (data gathering, system mapping, sensemaking, co creation) and diversity of emergent interventions (portfolio) to facilitate system transformation, ii) a pivot toward long term investment (for which delivering results in the short term that can build momentum) that enables many partners to invest in a portfolio on a peer basis, and iii) a move toward distributed governance mechanism that allows the financial instrument to follow an open ended, emergent, action-oriented design principles of the portfolio. The Facility will support the exploration of such innovative financial instruments.

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### III. RESULTS AND PARTNERSHIPS

#### Expected high-level results

**This project aims to help UNDP and partners leverage strategic innovation in critical policy areas in line with the SDGs (external change) by building new capabilities and methods that enable the organization to engage with complexity and manage uncertainty (internal change).**

#### 1. Building a new supply

The Facility will invest in ‘deep demonstrations’ - investment in teams across 20-40 countries to dedicate time and invest expertise to develop and deploy new capabilities and nurture local ecosystems for transformative change. In each country, the demonstrations will seek to leverage the expertise and capacity of the Accelerator Labs to maximise impact, and in line with the remit of the Strategic Innovation Unit.

The Facility is expected to follow a portfolio logic - supporting different aspects and approaches of systems transformation, evolving its model as learning accrues and the external environment changes:

- The Facility will invest in 7 Deep Demonstrations per year. The countries and policy issues (some might imply a co-investment with other BPPS and CB teams as well as COs and RBx) will be determined in collaboration with regional bureaus and country offices. Among policy issues of interest, the Facility will look to identify opportunities to support digital transformation, in line with UNDP’s Digital Strategy. Each Deep Demonstration – in its current configuration - is meant to produce a structured offer following a portfolio logic, including a clearly articulated intent (policy statement), an understanding of the policy space from a perspective of systems, and a portfolio of interventions coherent to the issue and comprised of initiatives that are meant to learn from each other. The offer will be presented to national and international counterparts. This model might evolve as the deep demonstrations gradually evolve their focus. The Facility will utilize digital tools (such as online collaboration whiteboards) during the planning and delivery of Deep Demonstrations to ensure better collaboration across geographies and during pandemic related lockdowns.
- Those Deep Demonstrations that will convert into new investments and partnerships are expected to generate i) new types of investments leveraged toward the new portfolio, ii) new type of partnerships that coalesce around the policy space, and iii) concrete change on the ground in a policy space that the DD is targeting (evident in an emergence of a different model of functioning or value production).
- Where the investment opportunity is realised, Deep Demonstrations will also support COs to activate and implement portfolios. Each demonstration is expected to build capacity for understanding and acting in systems in COs. As a by-product, the deep demonstrations might result in the development of monitoring and evaluation frameworks and guidelines that are supportive of a system and portfolio logic.
- The Deep Demonstrations will be leveraged to help propel a broader change in UNDP in terms of developing new capabilities and creating awareness and interest in systems and portfolio approaches. This includes engagement with a broad section of UNDP teams/staff, including operations, the evaluations office, thematic teams (such as governance) and others. For instance, as part of efforts towards ‘building supply’, the Facility may develop and roll out blueprints for innovative financial instruments that support a portfolio logic and engage relevant colleagues in operations, finance and evaluation on these.

The Strategic Innovation Unit will strive to build a broader cohort of COs interested in system transformation around the Deep Demonstration countries in an effort to build an internal movement and constituency that can accelerate change.

## 2. Building a new demand

The Facility will leverage insights from the Deep Demonstrations **as a nudge that starts shaping a different demand** from the partners and **a glue that helps coalesce a new type of community** around the field of system transformation.

There are two distinct but related communities that the Facility will focus on nurturing: i) a global community comprised of donors, international foundations and think tanks who act as either R&D investors or influencers on how the development sector evolves, and ii) local ecosystem of partners with a stake in development change on the ground. Both are critical to shaping a different type of demand that would ultimately meet the supply that originates from the Deep Demonstrations.

As a result of its investments, the Facility is meant to generate:

- **New Public Goods: Codifying the emerging knowledge and insights into a series of open-source products that evolve collective learning around facilitating system transformation.** This can take the shape of a publication (Once a year the Facility will produce a report synthesizing the learning from DDs) or open sourcing the ongoing process of designing a system based financial instrument or monitoring and evaluation method. Facility will also invest in leveraging new forms of communication for dissemination of the publication and other products meant to influence, engage and nurture the system transformation community.
- **A Global Community:** Developing and nurturing a **global cohort of program & donor countries and international foundations** willing and interested to invest in and learn about the mechanisms of system transformations on the ground. This implies: i) convening the cohort at least 1x annually for joint learning and comparing notes; ii) regular conversations about the ongoing work and evolving progress on the ground (new financial instruments or monitoring & evaluation frameworks under development), iii) bumps with Deep Demonstrations- intention pitching sessions of DDs to a global cohort as to engineer potential collaboration and crowding in of expertise, political influence and investment.
- **Local ecosystems:** Building **country-level ecosystems around each Deep Demonstrations** – government decision makers, grassroots organizations, private sector, academia interested not in alleviating the worst effects of policy issues but framing the power and ownership norms and ushering new paradigms of value creations. This implies (and is largely driven by UNDP country offices that are leading on Deep Demonstrations): i) convening local ecosystems around building new capabilities, ii) building in depth stories of learning from local ecosystems on progress toward great transformations (this feeds into new public goods).

## 3. Building new capabilities

The UNDP offices that progress to a point of designing new portfolios will have been exposed to and learned-by-doing following capabilities:

- **Articulating a policy issue from a system's perspective:** this implies the capability to facilitate strategic conversations, reframe policy issues from the current state toward a different way of organizing, new paradigms for value creation; balance political interests and target different perspectives toward framing a common mission or a 'north star.'
- **Understanding a policy issue and generating multiple entry points from a system's lens:** build capabilities for abstraction and handling ambiguity; helping systems reduce their opacity; real time qualitative and quantitative data analysis; horizon scanning and pattern detection; visually representing systems; system mapping.
- **Designing portfolios of interventions:** composing portfolios so they address multiple levers of change; identifying innovative options and approaches; digital transformation; mobilising capital for system transformation; identifying political windows for change. The portfolio design process can take place at a moment most opportune for the CO – whether in response to a particular demand by partners, or an effort to influence that demand and position UNDP as a go to partner through offering a distinct policy support via portfolio, or as a part of the CPD design process.



- **Dynamically managing portfolios:** this implies a capability to design and deploy methods for continued learning and reflection, including sensemaking and actionable intelligence generation; implementation of interconnected interventions meant to learn from each other as opposed to deployed in parallel; introspection and collective reflection; facilitating movements for change; developmental evaluation; decommissioning what has lost relevance.

## Resources Required to Achieve the Expected Results

**We are designing this project based on adaptive programming principles. It is therefore not possible to accurately specify up front all the interventions and immediate results (outputs) that the project will deliver during its lifetime, nor the resources required.** As a result, we will review our approach and the required resources on a regular basis as our learning deepens through implementation. Adaptive programming is based on the insight that development is not linear or straightforward, but rather complex, uncertain and context-specific. This calls for national and international development actors to work differently, in ways that are based on dynamic management of portfolios for which UNDP has developed a Sensemaking Protocol<sup>5</sup>. An adaptive approach is particularly useful when working with complex problems – such as systems transformation – involving many different actors and variables. This calls for a different programming logic focused on understanding problems rather than solutions, it requires working through emergence as a project’s interventions produce a variety of effects that cannot necessarily be anticipated, and it puts a premium on learning and the ability of an organisation or project to adapt.<sup>6</sup>

**However, we do know that achieving the expected results will require a mix of resources.** The workplan below provides an overview of our current estimate of the resources required to achieve the project’s objectives. The Facility will require time from members of the Strategic Innovation Unit and regional innovation advisors as well as Country Office staff involved in interventions such as the Deep Demonstrations. Furthermore, the Facility will utilize funding provided by the government of Denmark. Generally, the Facility will require the following:

- People (human resources, including design expertise and extra support for country office support)
- Services (such as expertise on system transformation, portfolio development, ecosystem building, communications and monitoring and evaluations)
- Logistics and infrastructure (e.g. software subscriptions and travel)
- Partnerships (see section below).

The workplan (below) provides an overview of resource allocation across the project’s outputs. Allocations and specific resource requirements will be identified and agreed on a rolling basis in annual work plans. These plans are approved by the project board.

## Partnerships

### How we work with partners?

The Innovation Facility 2.0 project will be implemented with a wide range of partners. Our approach to partnerships rests on three principles: 1) we use a variety of channels to cultivate current and prospective relationships, leveraging events and webinars, online engagement (blog, twitter) as well as direct outreach to build connections; 2) similar to other parts of UNDP we take a relational, rather than a transactional view of partnership, emphasising sensitivity, confidentiality, and joint growth; 3) we seek to remain responsive to stakeholders, their changing needs and the political environment they operate within.

Partnerships are a crucial part of this project and its delivery strategy. Systems transformation is by definition about broad change that goes beyond any single stakeholder.

<sup>5</sup> For more see UNDP’s [Portfolio Sensemaking and Acceleration Protocol \(sharepoint.com\)](#)

<sup>6</sup> See also Ed Laws et al (2021), *LearnAdapt: a synthesis of our work on adaptive programming with DFID/FCDO (2017-2020)*, ODI Briefing Note.

## Types of partners and how we engage them

In line with our theory of change, we distinguish demand and supply side partners. Each group is crucial for the successful delivery of the project. We will collaborate with each stakeholder type through different engagement modalities. The table below provides an overview.

Type of partner	Rationale for collaboration	Engagement modality
<b>Demand-side related actors</b>		
<b>External policy and funding allies</b> Bilateral donors, philanthropic foundations and multilaterals	Collaboration aimed at securing support (financial and otherwise) and/or influencing their policy and funding decisions to nurture a broader alliance and influence the way they themselves change	Direct (unsolicited) outreach (in-person and virtual), webinars, publications.  Formalized collaboration through funding agreements and MoUs
<b>National partners</b> National governments, communities, local NGOs and individuals. Including organizations led by and/or promoting the role of women and marginalized groups.	Ecosystems locally who have a stake in and resources for affecting change. Collaboration for resource mobilisation (with government partners), data collection and learning (interviews, surveys, sensemaking) and/or as implementing partners in Facility interventions (e.g. for design and implementation of portfolios)	Informal ad hoc engagement  Formalised collaboration through partnership agreement, grants or MoU
<b>Supply-side and capability related actors</b>		
<b>Thought and expertise partners</b> International, regional or local think tanks, research institutes, NGOs, private companies, individuals and academic institutions. National governments may also fall in this category, including through South-South models of exchange.	Collaboration in order to learn about, test or advance new ways of understanding and transforming systems.	Close collaboration through exchanges, webinars, publications.  Formalized collaboration through Facility procurement of services (incl. LTA), responsible party agreements, and grants.

## Responsible Parties

We expect to deliver part of the Facility's work plan through responsible parties (see Multi-Year Work Plan below). We will use responsible parties to leverage their specialized skills and experience to better develop new system transformation capabilities and offers. All responsible parties named in this proposal have passed steps 1 and 2 in the Partner Capacity Assessment tool. We have prioritized identifying actors from the Global South with the requisite expertise.

In addition to working through Responsible Parties, the project will be open to work through the whole suite of implementation modalities available to UNDP as described in the Programme and Operations Policies and Procedures.

## **Grant making**

We expect to achieve the Facility's results in part through grant making. The purpose of grant making in this project is to support NGOs and CSOs involved in understanding and tackling complex systems challenges. In Deep Demonstrations, the grants are intended to generate and support ideas and methods from grant recipients and help address complex systems challenges that require some level of experimentation or new thinking - for instance, to help nurture country-level ecosystems of stakeholders. Our grant-making approach will follow UNDP's Grants Operational Guidance. In cases where Country Offices implementing Deep Demonstrations are best placed to run the grant making process, the Facility may delegate grant making responsibility to these offices. Delegation will happen within the confines of a scope agreed with the individual offices.

## Risk Log

**Shifting the approach to deep demonstrations carries several opportunities and risks.** These will be closely monitored by the Project Manager and discussed with the SIU Head and the project board on a regular basis. Risks are presented in the matrix below. In line with the project’s adaptive approach to management, risks will be identified and reviewed on a continuous basis during project implementation (on weekly or bi-weekly management meetings), and inform course correction and project adaption.

As the project will invest in deep demonstrations in 20-40 countries, it will be important to conduct risk assessment for the country offices which are part of the project so as to identify and manage risks effectively. The global project management team will have an important role to play in risk oversight vis-à-vis country office activities as supported – in both technical/substantive and financial terms – by the global project. The project team will work with country offices to ensure that risks have been identified, assessed and reflected in the risk log of the project under which support (funds) have been received from the global project. This will include gender experts as needed. It will be important to flag which risks identified through country level risk assessments should be reflected in the global project risk log (allowing for risk escalation if the situation arises).

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Misalignment between incentives and procedures in UNDP and objectives of the Facility (e.g project vs portfolio approach; short term vs long term commitment).	12.12.2020	Delivery risk	High (5)	IF team to build alliances across a range of BUs and partners, and invest in exploration and learning parallel to executing initiatives on the ground. IF to work with M&E, auditing and program effectiveness team to explore options to incorporate a portfolio logic in their work	Project Manager	12.12.2020	19.04.2021	Active
2	Relationship with donors and investors transactional and not strategic and holistic	12.12.2020	Reputational and delivery risk	Medium (3)	Shifting from transactional (“donors invest and UNDP executes”) to collaborative relationship where we build on each other’s strengths	Project Manager	12.12.2020	19.04.2021	Active

<b>3</b>	Lack of coherence with Accelerator Lab Network	12.12.2020	Delivery risk	Medium (3)	The IF and A-lab teams to work closely to ensure coordinated and coherent efforts, and a common narrative that brings together the tactical and strategic aspects of innovation	<b>Project Manager</b>	<b>12.12.2020</b>	<b>19.04.2021</b>	<b>Active</b>
<b>4</b>	Focus on execution overshadows learning in the constantly shifting external context with fast paced change and given the scale of policy problems	12.12.2020	Learning risk	High (5)	Dedicated 'workstream' in Facility to learning. This includes multiple levels from individual deep demonstrations (interventions), across interventions and Facility as a whole as well as wider UNDP and with partners. Emphasis on generating useful insights that enable teams at country level and elsewhere in UNDP to improve how they work to achieve results.	<b>Project Manager</b>	<b>12.12.2020</b>	<b>19.04.2021</b>	<b>Active</b>
<b>5</b>	Donors continue to see the Facility's work as niche innovation rather than a new way of doing development as a whole	09.04.2021	Delivery risk	High (4)	Facility has dedicated focus in strategy and work plan on donor engagement and "building demand"	<b>Project Manager</b>	<b>09.04.2021</b>	<b>19.04.2021</b>	<b>Active</b>
<b>6</b>	Lack of interest from governments and other country level actors in	09.04.2021	Delivery risk	High (4)	Facility has dedicated focus in strategy and work plan on government engagement and building ecosystems.	<b>Project Manager</b>	<b>09.04.2021</b>	<b>19.04.2021</b>	<b>Active</b>

	systems transformation focus and approaches				Political economy analysis identified as important issue for Facility's future system mapping/analysis efforts				
<b>7</b>	Initial rounds of Deep Demonstrations fail to attract investments (perhaps in part due to loss of risk appetite in the wake of Covid) and Facility momentum is lost	19.04.2021	Impact risk	Medium (3)	Facility adopts a portfolio approach to its investments, deploying different types of approaches to systems work, which may appeal to different types of donors and risk appetites	<b>Project Manager</b>	<b>19.04.2021</b>	<b>19.04.2021</b>	<b>Active</b>



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## Stakeholder Engagement

The Innovation Facility has a wide range of internal and external stakeholders related to our efforts to build supply, demand and capabilities. This section provides an overview of these and outlines principles for identifying and engaging stakeholder groups.

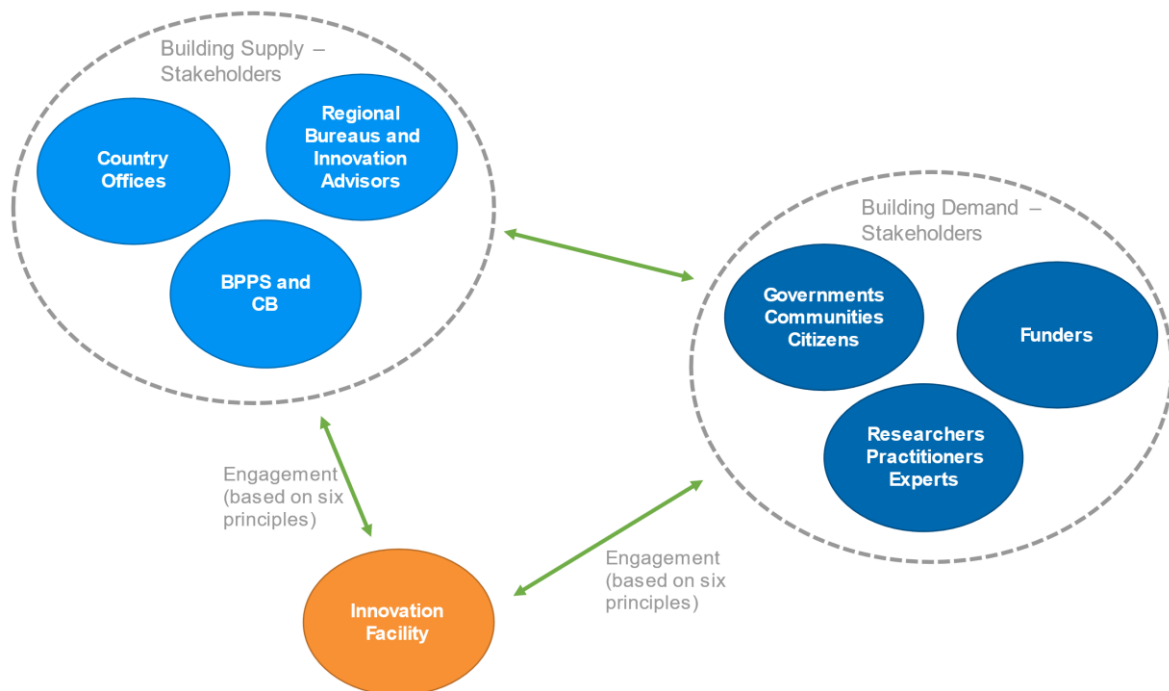
### Building supply and capabilities - internal stakeholders and direct beneficiaries

- Country Offices: direct beneficiary and implementing partner in Deep Demonstrations.
- Regional Bureaus and innovation advisors: direct beneficiary and coordinating partner in Deep Demonstrations and awareness raising activities.
- Thematic and other non-geographic UNDP entities: Beneficiaries of new offers and services as well as targets and allies in learning and awareness raising activities. Potentially direct beneficiaries of support from the Innovation Facility

### Building demand- external stakeholders and end-beneficiaries:

- End-beneficiaries: governments, communities and other local actors eventually benefitting from improved UNDP programming tackling complexity and systemic development challenges.
- Funders and other multilaterals: immediate targets of activities focused on generating external demand. Partners in reflection and learning activities.
- Researchers, practitioners and thematic experts: partners in reflection and learning activities, allies in awareness raising activities.

### Innovation Facility Stakeholder Map:



**In this project our team will adopt a nuanced approach to identifying, engaging and managing relationships with internal and external stakeholders related to building supply, demand and capabilities. Our approach is based on a number of principles:**

1. We use a variety channels to cultivate both current and prospective relationships. This means that sensitive issues can be discussed informally, securing early buy-in from stakeholders.
2. Responsive and opportunistic engagement: building good relationships is founded on mutual respect and responsiveness. We put a premium on ensuring that our engagement with both demand and supply related stakeholders is not extractive, but useful to them. Furthermore, the relevance of different stakeholders will fluctuate over time as the project evolves and depending on the thematic and geographical focus.
3. Involvement in continuous learning and sensemaking: we ensure active participation of both demand and supply related stakeholders in the project's recurrent learning and sensemaking activities (see below). For instance, Country Offices involved in Deep Demonstrations join monthly reflection sessions.
4. Patience and continuity are crucial elements of good relationship building. Stakeholder management is a continuous process and not a one-off "point in time" activity. We will seek to build and maintain relationships over long periods of time rather than when a particular need arises. This allows us to draw in a wide range of inputs and to secure broader legitimacy.
5. Inclusion: we pay particular attention to engaging and involving minority and excluded groups - both as we support supply actors in external stakeholder engagement during Deep Demonstrations as well as when we engage demand side stakeholders in countries.
6. South-South and Triangular Cooperation is reflected in our engagement with both the demand and supply side stakeholders. The project plans to enable and facilitate dialogue and learning across countries and stakeholders in the Global South interested in managing and engaging with complexity and uncertainty. This includes exploring the formation of communities of practice to enable south-south learning across governments. Second, the Facility is actively identifying and seeking to engage partners from the Global South (see "Partnerships" above) and to connect their experiences and expertise with needs of stakeholders in developing countries working with complexity and uncertainty.

### Knowledge - producing public goods

Learning is at the core of this project - both internally as well as outwards facing. As mentioned above, the Facility's strategy and theory of change is based on the recognition that a change in UNDPs and other actors' approach to complex systemic challenges hinges on continuous generation and exchange of learning. The Facility will produce a range of learning products capturing this new way of doing development, and we will disseminate these as **public goods** - accessible to anyone.

**Deep demonstrations as open-source knowledge:** the Facility's Deep Demonstrations are intended to generate a continuous open source of intelligence about how development actors can support system transformation, useful approaches for working in new ways (e.g. on financing mechanisms and M&E) and how system transformation happens. This information is captured and made available through a variety of means, including knowledge products (see below).

**Knowledge products:** the project will produce learning products on a regular basis throughout its lifetime. Insights, reflections and emerging results will be captured in blog posts published on UNDPs Medium account.<sup>7</sup> The project will also produce guidance documents and protocols (such as the Portfolio Sensemaking Protocol), annual reports capturing lessons and results as well as a range of other products, including stand-alone visuals and videos. Furthermore, the project will conduct more formal/deep dive evaluation exercises which will be released as public goods products. Lastly, the project will host webinars for real time reflection and knowledge generation.

**Dissemination and visibility:** The project will, with external support, develop and implement a communications strategy to ensure that knowledge and lessons learned are accessible and influential among key audiences. Dissemination will happen through a variety of channels, including at webinars, proactive

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<sup>7</sup> <https://medium.com/@undp.innovation>



outreach and sharing, as well as broad dissemination the project's (and staff) online channels (such as Twitter and LinkedIn). This is intended to support the Facility's aim to generate learning as a public good.

### Sustainability and Scaling Up

**Sustainability and scale up is baked into the design of this project.** First, it is reflected in the Facility's theory of change: generating internal supply and capabilities as well as external demand as a way to ensure that results are achieved and sustained in the long-run. Second, the Facility's pivot from small scale experiments to addressing frontier systemic challenges is grounded in the desire to support sustainable positive change. Third, the project's focus on leveraging Deep Demonstrations to generate portfolio offers that can be replicated across geographies helps foster sustainability and scale up. Fourth, the project's use of vendors/consultants also reflects sustainability considerations as emphasis in these engagements is on co-creation and learning rather than using consultants to "do the work". Fifth, the Facility's investment criteria is aimed to ensure sustainability by responding to a clear need and ensuring buy-in from UNDP offices and other partners. Sixth, the Facility's emphasis on generating public good knowledge products helps ensure sustainability as learning and 'muscle memory' is distributed across and beyond the organization, rather than sitting in one particular team.

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## IV. PROJECT MANAGEMENT

### Cost Efficiency and Effectiveness

**The project design and strategy for the Innovation Facility as outlined in this document presents the optimal route for ensuring cost efficiency and effectiveness.** The design and focus of the facility respond to recommendations from the 2020 review of the previous Innovation Facility in UNDP. In particular, that the Facility needs a) to shift from an experiment-and-scale model of innovation to a system transformation model; b) to design and manage innovations as a portfolio to better harness so-called diagonal effects of innovation; and c) to introduce models for dynamic long-term engagements rather than funding short-term experiments.

**Efficiency:** a project design based on learning, sensemaking and adaptation tends to perform better when faced with uncertainty and complex challenges. Making initial bets (drawing on different proven methods available in the market), learning from and adapting these allows for a nimbler allocation of resources, reducing the risk that funds are spent inefficiently. The project's weekly management meetings, monthly reflection (and adaptation) sessions and regular check-ins with the board help ensure that the Facility continuously reviews spending and allocates funds in a way that reflects lessons learned, as well as emerging opportunities and risks. Furthermore, the project's use of procurement services (competitive procurement, LTAs, etc.) help ensure cost-efficient spending. For instance, the LTA is not only a fast way of sourcing cost effective technical expertise for the Facility itself, but is also available to all other UNDP Business Units and in this way helps ensure fast efficient procurement processes across the organization.

**Effectiveness** is ensured through a number of design features. First, the project deploys a portfolio management approach where the Facility's interventions (reflecting the strategy of change above) are coordinated, synergetic and learn from each other, and thereby are more likely to contribute to the intended results. Second, as mentioned, the project will proactively engage, collaborate with and leverage a range of internal and external partners which increases the likelihood that the project achieves intended results (effectiveness) and is efficient (through synergies and co-funding with partners). Third, the project's emphasis on generating capabilities across UNDP as well as fostering ecosystems of country-level stakeholders increases the likelihood that positive change will materialise and be sustained.

### Project Management

See section on 'Governance and Management Arrangements' below.

## V. RESULTS AND LEARNING FRAMEWORK

The framework below provides a starting point for monitoring, learning and accountability during project implementation. In contrast to a traditional logframe, the framework is intended as a more nuanced tool for capturing indicators of progress focused on how the Facility learns, allowing for both quantitative and qualitative information to inform learning, analysis of whether the project is on track to deliver results, and whether changes are required (adaptation). The project's strategy and derived intermediate results areas are the starting point for the framework and the framework will be refined and revised as we learn from implementation. Changes (adaptations) to the framework will be approved by the project board.

Intended Outcome as stated in the UNDP Strategic Plan Results and Resource Framework: Eradication of poverty and a significant reduction of inequality and exclusion										
Outcome indicators as stated in the UNDP Strategic Plan Results and Resources Framework, including baseline and targets:										
Applicable Output(s) from the UNDP Strategic Plan: 1.1.1										
Project title and Atlas Project Number: Innovation Facility 2.0										
EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>8</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
			Value	Year	2021	2022	2023	2024	2025	
<b>Output 1: Portfolio offers developed based on</b>	<b>1.1</b> <i>Number of Deep Demonstrations (and related interventions) implemented<sup>10</sup></i>	Facility budget and management records	7	2020	7	8	10	10	10	Format and design of Deep Demonstrations may evolve over time
	<b>1.2</b> <i>Number of spin-offs in UNDP that pick up and apply system transformation capabilities,</i>	Interviews, survey and/or statements from	0	2020	1-2	2-4	4-6	4-6	4-6	Risk: difficulty of measuring

<sup>8</sup> It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

<sup>10</sup> Implementation as agreed in the scope of work for each Deep Demonstration. For instance, it could be the design of a portfolio or the activation/implementation of one, or development of blueprints for innovative financial instruments that support a portfolio logic.

<b>systems logic (Building Supply)<sup>9</sup></b>	<i>approaches or discourse co-developed by the Innovation Facility in other policy areas/organizational contexts.<sup>11</sup></i>	external partners and stakeholders Documented/written attribution from UNDP Country Offices, Regional Bureau and other UNDP business units								contribution of Innovation Facility
<b>Output 2: Demand for systems approaches developed (Building Demand)</b>	<b>2.1</b> <i>Number of External Policy and Funding Allies and Governments who work with UNDP to endorse system approaches<sup>12</sup></i>	Interviews, survey and/or statements from external partners and stakeholders Documented/written attribution from external partners and stakeholders	0	2020	2	4	5	6	7	Risk: reduced interest (risk-appetite) from donors in systems approaches in the wake of Covid
	<b>2.2</b> <i>Number of spin-offs outside of UNDP that pick up and apply system transformation capabilities, approaches or discourse developed by the Innovation Facility in other policy areas/organizational contexts.</i>	Interviews, survey and/or statements from external partners and stakeholders Documented/written attribution from external partners and stakeholders	0	2020	1-2	2-4	4-6	4-6	4-6	Risk: difficulty of measuring contribution of Innovation Facility
<b>Output 3: Systems transformation capabilities</b>	<b>3.1.</b> <i>Deep Demonstration team members effectively applying/conversant with knowledge and skills from Deep Demonstration</i>	Learning and reflection session minutes Observations of Deep Demo teams	N/A	2020	at least one of the three	at least one of the three	at least one of the three	at least one of the three	at least one of the three	A mix of qualitative and quantitative evidence to demonstrate

<sup>9</sup> This output includes development of blueprints for innovative financial instruments that support a portfolio logic.

<sup>11</sup> Spin-offs are initiatives not initially instituted and/or supported by the Innovation Facility, that nevertheless pick up on and apply capabilities, approaches or discourse (co-)developed by the Innovation Facility.

<sup>12</sup> Working with UNDP under either financial or non-financial arrangements.

<b>developed (Developing Capabilities )</b>	<i>trainings/experience, as measured by:</i> <i>(i) knowledge gained about the policy spaces they work in</i> <i>(ii) demonstrated capabilities in doing things differently than previously</i> <i>(iii) application of knowledge or skills learned over the course of the Deep Demonstrations</i>	Deep Demo team learning products Interviews with and survey of Deep Demonstration teams and leadership			dimen sions	dimen sions	dimen sions	dimen sions	dimen sions	capability development
	<b>3.2</b> <i>Number of learning and reflection sessions with internal (UNDP) partners (such as COs involved in Deep Demonstrations)</i>	Learning and reflection session minutes, recordings, or outputs Attendance list from meeting invitation	0	2020	12	12	12	12	12	Risk: lack of interest or time among COs to participate in sessions Sessions to have good gender-balance
	<b>3.3</b> <i>Number of public good learning/reflection products produced (blogs, videos, graphics)</i>	Learning products produced by Innovation Facility or Facility supported partners	25	2020	25	25	25	25	25	UNDP Innovation Medium Channel Gender diversity among authors

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## MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored based on the following monitoring and evaluation principles:

### Overall approach

**Our approach to MEL is based on developmental evaluation principles<sup>13</sup>.** The approach is useful for guiding adaptation to emergent and dynamic realities in complex environments. We have designed the approach to assist us and our partners across UNDP and beyond to learn, reflect and adapt what we are doing in real-time. As such, the Innovation Facility's MEL activities are positioned as an internal function integrated into the process of implementation, gathering and interpreting data, framing questions and adapting to new realities. The project adheres to the following eight principles:

1. **Learning and adaptation focused:** focused on informing learning and portfolio related decision making.
2. **Integrated into Facility design and implementation:** Informs Facility strategy and design from get-go. During implementation helps continuously reality-check and refine portfolio strategy/logic and composition.
3. **Inclusive, collaborative and co-creative:** designed and implemented with the variety of stakeholders and beneficiaries involved in portfolio. Stakeholders collectively sensemake and decide based on learning.
4. **Direction rather than destination:** monitor and learn about how we understand the present and our general direction towards something better – not measuring progress and milestones towards a specific pre-defined goal.
5. **Continuous and iterative (start small):** ongoing process, not stand-alone reporting exercises. Focus and methods evolve over time in response to changing learning needs and portfolio strategy. Start small and expand over time.
6. **Usefulness above rigor:** emphasis on generating useful information in real-time to inform learning and adaptation.
7. **Methodological eclecticism:** flexible use of a mix of methods, high tolerance for ambiguity.
8. **Evidence diversity:** draws on variety of qualitative and quantitative evidence. Open to unorthodox types of evidence.
9. **Measurement as starting point:** what is measured is a simplification of the complex real world and as such is only the starting point for a learning conversation.
10. **We are part of the system:** acknowledge that we are part of the system we wish to change rather than actors outside of it.

**Our MEL framework and planned activities are designed to help us and our partners and stakeholders articulate and answer questions that enable us to learn and work better towards internal and external change:** Enabling us to change ourselves (UNDP) to better tackle systems challenges (internal transformation) and supporting others to transform complex systems in support of the SDGs (external transformation).

**The Facility's MEL activities will follow learning cycle of five steps, building on UNDPs sensemaking protocol:**

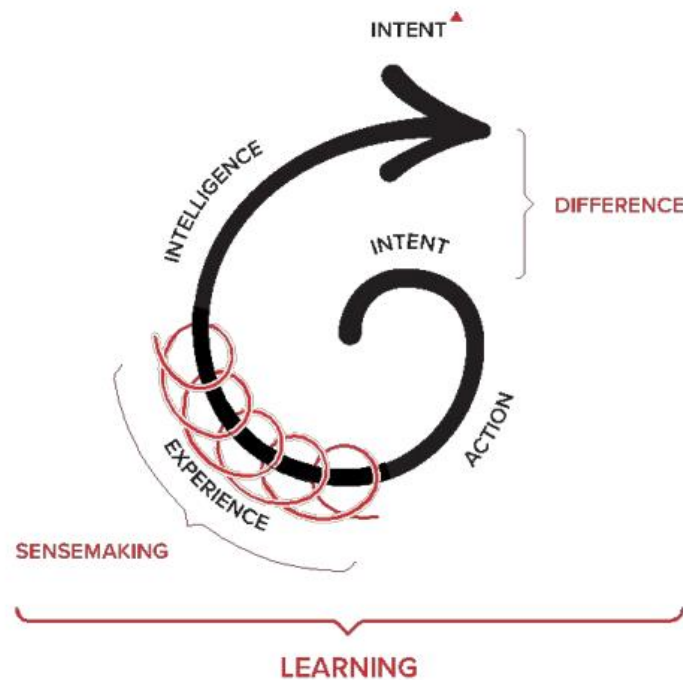
1. **We articulate learning questions with partners and stakeholders:** what do we want to learn about to be able to contribute to internal and external transformation? This includes identifying *who* should participate in the process of articulating learning questions, collecting information, reflecting

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<sup>13</sup> [https://www.betterevaluation.org/en/plan/approach/developmental\\_evaluation](https://www.betterevaluation.org/en/plan/approach/developmental_evaluation)

on data and make decisions as well as *how often* we need to collect information, make sense of it in relation to the learning questions and act based on insights.

2. **We develop measures and collect data:** identify what information we need to collect in order to (tentatively) be able to reflect on our learning questions (including data that captures the experience of women and marginalized groups). Consider a broad range of information types (not just hard statistics). Identify evidence sources and gather the evidence. Focus is on getting “good enough” information within the constraints of our timeframe and budget. We will consider and deploy an eclectic mix of methods and evidence sources.
3. **We reflect and make sense of the information with stakeholders at regular intervals.** Use it as a starting point (a simplified incomplete representation of part of a complex system) for reflection about what we are learning and its implications for the Innovation Facility, its strategy of change and work plan. During these sessions participants are encouraged to supplement, contradict or otherwise enrich the discussion with other “un-measurable” insights.
4. **We make decisions and adapt:** During (or immediately after) reflection events, the project team along with key stakeholders decide on changes required to the project based on the insights generated at reflection events. The project board approves changes beyond agreed discretion thresholds.
5. **We refine learning questions and articulate new ones:** this also happens at the reflection event and is in response to the project’s evolving learning needs. It may entail changes in who is part of the process and the cycle’s frequency. For instance, we may adjust or introduce new interventions in as we learn, and this, may trigger new learning questions, information needs and the involvement of new stakeholders.



The regular sensemaking events described above will draw on and enrich UNDPs existing sensemaking protocol<sup>14</sup> and may include the following:

- **Monthly reflection across Innovation Facility funded initiatives:** At these events we will convene relevant country office staff and other partners and stakeholders in collective reflection sessions

<sup>14</sup> <https://undp.sharepoint.com/teams/RBAP/Innovation/SitePages/Portfolio-Sensemaking-and-Acceleration-Protocol.aspx>

focused on topics that cut across and/or are relevant for all initiatives. We are starting out with monthly sessions, but may adjust frequency based on needs and interest.

- **Ad hoc thematic reflection:** On an ad-hoc basis we will convene smaller groups of stakeholders working on or with interests in similar thematic issues such as cities, informality or circular economy.
- **Bi-annual Strategic Innovation Unit sensemaking:** this event will take place on a regular basis to review, share and make sense of learning from the past year's efforts. It will inform the results and learning framework and help inform the Innovation Facility project's rolling workplan.
- **External dialogues and communities of practice:** On an ad-hoc basis we will convene other external actors, such as funders, governments and other external allies to help make sense of, share and/or act on insights emerging from the Innovation Facility's initiatives

The monthly and had hoc thematic reflection events constitute prompts for Country Offices to internalize and take action based on learning from the Deep Demonstrations. In addition, the Facility will undertake regular bilateral engagement with CO leadership and technical staff to discuss how new capabilities and learning from the Deep Demonstrations may be deployed in COs' policy and programmatic work.

**As our learning needs and areas of interest evolve, we may need to adapt measurement tools and processes and update the results framework.** As such, this project's MEL framework will be a dynamic work in progress rather than a static artifact.

**This approach involves a shift in emphasis from doing MEL primarily for reporting and accountability towards MEL as a process for continuous learning and adaptation** – a process which still enables reporting and accountability. The emphasis on learning and adaptation is in line with best practice programming principles in international development.<sup>15</sup>

The question of measuring and learning about impact is in this context still relevant. However, again with a focus on learning about when and how positive change happens and how the Facility and UNDP as a whole can accelerate it. In this connection, we distinguish between different depths and breadths of change, ranging from early results within UNDP to more substantial impact in the country settings where we work.<sup>16</sup> We also recognize that there are different routes to achieving these types of deeper and broader change. The Facility is already in dialogue with UNDP's Independent Evaluation Office and will continue to collaborate to develop new and better measures for results and impact.

### Tentative learning questions

**The below outlines an initial set of learning questions that we will refine and evolve during the life of the project.**

- What types of artifacts (products), capabilities (skills and knowledge), mindsets, organizational structures and culture, financing instruments, etc. are necessary and/or useful to enable UNDP to understand and tackle systems challenges?
- How do we best develop and deploy the above? What methods and other resources are useful? What types of partners do we need to work with? What are the entry points and obstacles to this? How can we design internal structures that are sufficiently lean and agile to enable "system approaches" while leveraging existing knowledge?
- What internal change (if any) is Innovation Facility efforts (such as Deep Demonstrations) contributing to?

<sup>15</sup> See for instance Overseas Development Institute (<https://www.odi.org/our-work/adaptive-development>), OECD (<http://www.oecd.org/coronavirus/policy-responses/managing-for-sustainable-results-in-development-co-operation-in-uncertain-times-c94f0b59/>), DFID ([https://apolitical.co/en/solution\\_article/how-to-be-adaptive-lessons-from-3-years-at-dfid](https://apolitical.co/en/solution_article/how-to-be-adaptive-lessons-from-3-years-at-dfid)) and USAID (<https://usaidlearninglab.org/learning-approaches/adaptive-management>).

<sup>16</sup> For more details see: <https://medium.com/@undp.innovation/measuring-systems-transformation-towards-a-preliminary-framework-958ad3444949>

- Monitoring: how to develop results frameworks and M&E frameworks that support dynamic portfolio management? How do we choose what to measure? How do we build frameworks that support the measurement of learning and unanticipated impacts instead of predefined results? How to ensure accountability against the process and broader goals rather than specific results? How do we help Government build similar frameworks or adapt working with us to their existing frameworks?
- Funding: what funding mechanisms are best suited towards financing portfolios? How to ensure financing is at a sufficiently macro level to allow flexibility in implementing specific actions? What kinds of timeframes do we need if looking at complex, long-term problems?
- Communication: how do we communicate this to partners? How to ensure partners do not compromise on their compliance requirements when working with us on a portfolio? What about delivering results within government timeframes? How to engage development partners who might not have been sensitized at a higher level or at an earlier stage?
- How can we better understand (“see”) systems? How do we best learn about them?
- What does systems change look like and how do we measure change?
- In relation to Innovation Facility efforts (such as Deep Demonstrations) what role does UNDP play in terms to how (external) systems are maintained and transformed? What can UNDP do differently to help shift systems in a positive direction?

**We will be humble in our approach to these questions as the impact of UNDPs efforts on complex systemic challenges at country or regional level is likely to be marginal, materialize slowly and only be significant when combined with other contextual factors.** Due to the long time-horizon of change, our monitoring efforts (especially in the first half of the project) may focus primarily on internal transformation as well as “simply” understanding and mapping current systems as they are (whether they change or not), reducing their opacity. When it comes to understanding UNDPs role, our ambition is to explore whether and how UNDP may enable systems (and the actors within them) make decisions about themselves in ways that contribute to the sustainable development goals: “At the end of the day, your intervention, your programme, your organisation are all a drop in the ocean. You may well have ripple effects, but a lot of talk of “transformation,” “impact” (and even “super-impact”) are more marketing than they are strategy (much less testable hypotheses) [...] We need greater humility, but also the courage to draw and explain the boundaries of our influence.”<sup>17</sup>

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<sup>17</sup> <https://thomasmtaston.medium.com/how-to-make-theories-of-change-more-useful-fc969076a44d>



**Monitoring Plan**

<b>Monitoring Activity</b>	<b>Purpose</b>	<b>Frequency</b>	<b>Expected Action</b>
<b>Track results progress</b>	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.
<b>Monitor and Manage Risk</b>	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.
<b>Learn</b>	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Continuously	Relevant lessons are captured by the project team and used to inform management decisions at regular management meetings and monthly reflection sessions
<b>Annual Project Quality Assurance</b>	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.
<b>Review and Make Course Corrections</b>	Internal review of data and evidence from all monitoring actions to inform decision making.	Continuously	Performance data, risks, lessons and quality will be discussed at regular reflection sessions, sensemaking sessions, management meetings and by the project board and used to make course corrections.

<b>Project Report</b>	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)	
<b>Project Review (Project Board)</b>	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	At least annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.

#### Evaluation Plan

<b>Evaluation Title</b>	<b>Related Strategic Plan Output</b>	<b>SP Outcome</b>	<b>Planned Completion Date</b>	<b>Key Evaluation Stakeholders</b>	<b>Cost and Source of Funding</b>
Mid-Term Evaluation	1.1.1	1	End-2023	Danish government	\$100,000 Innovation Facility (Government of Denmark)
End-Evaluation	1.1.1	1	End-2025	Danish government	\$100,000 Innovation Facility (Government of Denmark)

**VI. MULTI-YEAR WORK PLAN**

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year (\$)					RESPONSIBLE PARTY	PLANNED BUDGET		
		2021	2022	2023	2024	2025		Funding Source	Budget Description	Amount
<b>Output 1: Building Supply</b>  <i>Gender marker: GEN2</i>	1.1 Design and implement Deep Demonstrations, including support the analysis of systems and the development and implementation of portfolios	600,000	960,000	960,000	960,000	960,000	Innovation Facility and SIU Agirre Lehendakaria Center Building State Capability (Harvard) Sustainable Food Lab Cities Rise Vinnova Rapid Results Institute TPIC Institute for Innovation and Public Purpose Bertha Centre for Social Innovation and Entrepreneurship RLabs	Denmark + other donor (TBD)	Funding + staff time (SIU, Regional Innovation Advisors)	4,440,000

							Planetary Health Alliance African Centre for Cities Informal Urbanism Research Hub (University of Melbourne) University of Johannesburg			
	Monitoring (see output 1)									
	<b>Sub-Total for Output 1</b>									4,440,000
<b>Output 2: Building Demand</b> <i>Gender marker: GEN2</i>	2.1 Engage actors such as funders, governments and other external allies (incl. through conferences)	80,000	100,000	100,000	100,000	100,000	Innovation Facility and SIU	Denmark + other donor (TBD)	Funding + staff time (SIU, Regional Innovation Advisors)	480,000
	2.2 Develop and implement communications strategy	150,000	40,000	40,000	40,000	40,000	Innovation Facility and SIU	Denmark + other donor (TBD)	Funding + staff time (SIU, Regional Innovation Advisors)	310,000
	2.3 Provide grants to partners in countries to develop and deploy methods, processes and capabilities for engaging with systems	60,000	200,000	200,000	200,000	200,000	Innovation Facility and SIU	Denmark + other donor (TBD)	Funding + staff time (SIU, Regional Innovation Advisors)	860,000
	Monitoring (see output 1)									
	<b>Sub-Total for Output 2</b>									1,650,000

<b>Output 3: Developing Capabilities</b> <i>Gender marker: GEN2</i>	1.2 Design and implement other initiatives to develop capabilities and offers (e.g. NextGen Strategic Transformation)	300,000	400,000	400,000	400,000	400,000	(Same as under activity 1.1)	Denmark + other donor (TBD)	Funding + staff time (SIU, Regional Innovation Advisors)	1,900,000
	1.3 Provide advisory services to support other UNDP system transformation initiatives led by Country Offices or Global Policy Network	300,000	300,000	300,000	300,000	300,000		Denmark + other donor (TBD)	Funding + staff time (SIU, Regional Innovation Advisors)	1,500,000
	1.1 Convene regular (e.g monthly) and ad hoc learning and reflection sessions with internal stakeholders and partners	20,000	20,000	20,000	20,000	20,000	Innovation Facility and SIU	Denmark + other donor (TBD)	Funding + staff time (SIU, Regional Innovation Advisors)	100,000
	1.2 Produce learning products (e.g. blogs, videos, graphics)	20,000	20,000	20,000	20,000	20,000	Innovation Facility and SIU	Denmark + other donor (TBD)	Funding + staff time (SIU, Regional Innovation Advisors)	100,000
	1.3 Convene annual Strategic Innovation Unit sensemaking	See general mgmt. support								
	1.4 Conduct research and development	100,000	100,000	100,000	100,000	100,000	African Centre for Cities Institute for Innovation and Public Purpose	Denmark + other donor (TBD)	Funding + staff time (SIU, Regional Innovation Advisors)	500,000
	1.5 Initiate other necessary learning activities such as convening communities of practice	50,000	50,000	50,000	50,000	50,000	Innovation Facility and SIU	Denmark + other donor (TBD)	Funding + staff time (SIU, Regional	250,000

									Innovation Advisors)	
	<b>Sub-Total for Output 3</b>									4,350,000
<b>Evaluation</b> <i>(as relevant)</i>	Undertake specialized monitoring and evaluation exercises (e.g. outcome harvesting)  Mid-term review  End-evaluation	50,000	50,000	100,000	50,000	100,000	TIPC	Denmark + other donor (TBD)	Funding + staff time (SIU, Regional Innovation Advisors)	350,000
<b>Innovation Facility Management</b>	Incidentals Operations analyst Procurement support Project manager Annual report IF oversight support Innovation and Design Specialist Travel Ad hoc consultancies	246,407	497,037	493,333	497,037	493,333	Innovation Facility and SIU	Denmark + other donor (TBD)	Funding + staff time (SIU, Regional Innovation Advisors)	2,227,148
<b>General Management Support (GMS)</b>		158,113	218,963	222,667	218,963	222,667	Innovation Facility and SIU	Denmark + other donor (TBD)	GMS	1,041,372
<b>TOTAL</b>										<b>14,058,520</b>

## VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

**This project is situated within the Strategic Innovation Unit in BPPS, and managed from the Istanbul Regional Hub as well as New York HQ.** Operational support is sourced from BPPS HQ while procurement support is drawn in from UNDP's Procurement Support Unit in Copenhagen. During implementation, the project will collaborate with and support a variety of organisational units, regional bureaus and Country Offices across UNDP.

**This project will be managed by a small core team.** The **Project Manager** (Istanbul based) is responsible for day to day implementation, monitoring and management of the project and its deliverables. The Project Manager works in close collaboration with the Innovation Facility Advisor on day to day implementation and with the project's **Operations Management Analyst** (New York based) on operations and budget management. The Project Manager reports to the **Head of the Strategic Innovation Unit** (Istanbul based) who is overall responsible for project delivery. Consultants might be added on a need basis.

A broader group of UNDP staff will contribute to project delivery, including advisors in the GPN network in different regions. The Central Procurement Unit (in New York) provides procurement advice as needed.

The Project Manager, SIU head and Innovation Facility Advisor will convene on a weekly basis to discuss implementation progress, risks and opportunities as well as stakeholder engagement and outreach/communications. As mentioned above, this core team will on a regular basis convene partners and other stakeholders for reflection and learning sessions. These sessions will inform implementation the project and enable it to adapt.

**A board provides overall direction for the project and functions as a strategic decision-making body.** The project steering committee (board) convenes every six months. The board may convene more frequently if needed. Meetings may take place either remotely or in-person. The Project Manager takes minutes and circulates these two the board at a maximum of 2 days after each meeting. The project board has the following responsibilities:

- Provide overall guidance and direction to the project;
- Address issues as raised by the project manager;
- Provide guidance on new project risks and agree countermeasures and management actions;
- Agree on project manager's tolerances as required;
- Review the project progress and provide direction and recommendations to ensure that the agreed work is produced satisfactorily according to the project's intent;
- Appraise the project annual review report, make recommendations for next annual work plan;
- Provide ad-hoc direction and advice for exceptional situations when project manager's tolerances are exceeded;
- Assess and decide to proceed on project changes through appropriate revisions;

The Project Board will be constituted as follows and will convene at minimum, once annually:

Executive:

BPPS

Senior Beneficiaries:

Minimum 2 Regional Bureaus for quorum

Mínimum 2 Country Offices for quorum

Senior Suppliers:

Executive Office

Danish Government

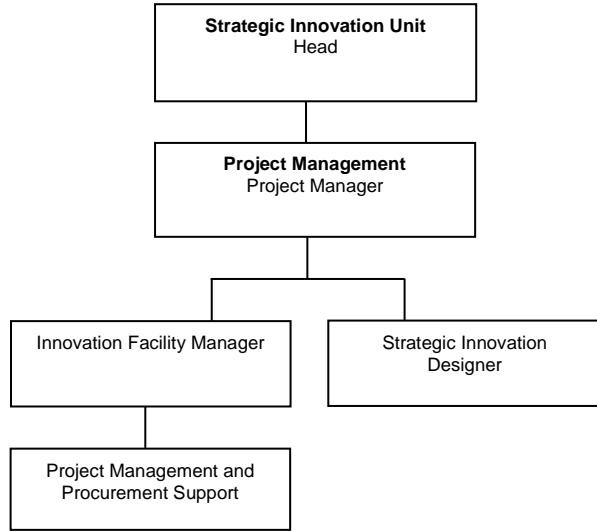
Global community

BPPS/SDGI

### Project Organisation Structure

Project Board		
Senior Beneficiary Regional Bureaus (2 Deputy)	Executive BPPS (Director)	Senior Supplier ExO (Senior Advisor, Chief Digital

Project Manager





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**VIII. LEGAL CONTEXT****Global and Regional Projects**

This project forms part of an overall programmatic framework under which several separate associated country level activities will be implemented. When assistance and support services are provided from this Project to the associated country level activities, this document shall be the “Project Document” instrument referred to in: (i) the respective signed SBAA for the specific countries; or (ii) in the [Supplemental Provisions to the Project Document](#) attached to the Project Document in cases where the recipient country has not signed an SBAA with UNDP, attached hereto and forming an integral part hereof. All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

This project will be implemented by UNDP (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

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**IX. RISK MANAGEMENT****UNDP (DIM)**

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml). This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse (“SEA”) and sexual harassment (“SH”) allegations in accordance with its regulations, rules, policies and procedures.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:
- a. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
    - i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
    - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.
  - b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
  - c. In the performance of the activities under this Project, UNDP as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or address SEA and SH.
  - d. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
  - e. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at [www.undp.org](http://www.undp.org).
  - f. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
  - g. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the

head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

- h. UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

- i. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.
- j. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
- k. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled "Risk Management Standard Clauses" are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

**Special Clauses.** In case of government cost-sharing through the project, the following clauses should be included:

1. The schedule of payments and UNDP bank account details.
2. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view

to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.

3.The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.

4.UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.

5.All financial accounts and statements shall be expressed in United States dollars.

6.If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavors to obtain the additional funds required.

7.If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.

8.Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

In accordance with the decisions and directives of UNDP's Executive Board:

The contribution shall be charged:

- (a) [...%] cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices
- (b) Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.

1. Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

2. The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.”

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**X. ANNEXES**

- 1. Project Quality Assurance Report**
- 2. Social and Environmental Screening Template**